

January 28, 2016

Facilities	Amount (Rs. Crore)	Ratings
Term Loan	2.44	SMERA B/Stable (Assigned)
Cash Credit	6.00	SMERA B/Stable (Assigned)
Bank Guarantee	0.24	SMERA A4 (Assigned)

SMERA has assigned long-term rating of '**SMERA B**' (**read as SMERA B**) and short term rating of '**SMERA A4**' (**read as SMERA A four**) on the above mentioned bank facilities of Narayani Rice Mill Private Limited (NRMPL). The outlook is '**Stable**'. The ratings derive comfort from the company's experienced management and average financial risk profile marked by comfortable coverage indicators and moderate debt protection measures. The ratings are also supported by the moderate scale of operations and well established market presence. However, the ratings are constrained by the company's exposure to intense competition in the rice processing business and susceptibility of profit margins to the inherent cyclical in the industry.

Outlook: Stable

SMERA believes that the outlook of the company would remain stable on account of the experienced management and moderate revenue scalability. The outlook may be revised to 'Positive' in case of sustained increase in revenues and accruals with improvement in capital structure. Conversely, the outlook may be revised to 'Negative' in case of significant decline in revenues and accruals or elongation of working capital cycle.

Rating Sensitivity Factors

- Increase in scale of operation and profitability
- Efficient working capital management

About the Company

NRMPL was established in 2010 by Mr. Shekhar Gaddhyan and family. The company is engaged in the manufacture of parboiled rice and has an installed capacity of 100 MT per day. The manufacturing facilities are located at Burdwan, West Bengal.

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NRMPL reported loss of Rs.0.17 crore on operating income of Rs.25.89 crore for FY2014-15, as compared with profit after tax (PAT) of Rs.0.22 crore on operating income of Rs.37.14 crore in FY2013-14.

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